

# BUDGET LETTER

NUMBER: 03-05

SUBJECT: 2004-05 BUDGET PREPARATION GUIDELINES

DATE ISSUED: MARCH 26, 2003

REFERENCES:

SUPERSEDES: BL 02-05

TO: Agency Secretaries  
Department Directors  
Departmental Budget Officers  
Departmental Accounting Officers  
Department of Finance Accounting Staff  
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

**NOTE: Each department with a Capital Outlay program—please provide a copy of this Budget Letter (BL) to your facility manager. Similarly, please provide a copy to Information Technology Officers.**

The Department of Finance (Finance) is issuing this Technical BL to assist departments in planning for the 2004-05 budget process. This Technical BL contains only instructions relevant to departments at this time. Finance believes certain other technical instructions are more valuable if issued closer to the time of preparation of the specific budget document(s), such as past year Schedule 10s. Additional instructions will be issued at the appropriate time.

This BL provides instructions and information on the following topics. ***Bolded italic titles*** denote either new information or significantly revised sections.

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## GENERAL INFORMATION

The guidelines in this BL apply primarily to Budget Change Proposals (BCPs) related to state operations and local assistance. Guidelines for Capital Outlay Budget Change Proposals (COBCPs) have been issued separately in BL 02-41. Unless specifically identified as COBCPs, the term BCP refers to state operations and local assistance proposals, not capital outlay. This BL does, however, include components that require identification for potential facility or capital outlay costs related to state operations and local assistance BCPs.

**Budget Development Guidelines:** This BL provides certain guidelines for the technical/procedural preparation of the 2004-05 Governor's Budget. Additional technical guidelines will be issued at a later time to facilitate preparation of various budget documents. (Attachment I.)

**Budget Preparation Calendar:** A brief Budget Preparation Calendar is provided to assist departments with the overall planning of the budget preparation process (Attachment II). Additionally, more detailed general budget timetables are available in the Budget Analyst Guide (BAG) at: <http://www.dof.ca.gov/fisa/bag/budgetcalendars.htm>.

A separate capital outlay timetable is also displayed as Illustration 6814 of the State Administrative Manual (SAM) available through the Department of General Services' (DGS) website at: <http://www.dgs.ca.gov/>.

**Price Letter Standards:** Price Letter Standards for 2004-05 will be distributed in August and should be used in conjunction with the DGS Price Book for departments' planning purposes only. It is anticipated that the 2004-05 DGS Price Book will be available in August 2003 at DGS' website at: <http://www.dgs.ca.gov/>.

**State Administrative Manual:** The Budgeting Chapter (Chapter 6000) of SAM is a valuable source of information on the technical aspects of the budget and legislative processes. SAM Chapter 6000 can be accessed on the Internet at: <http://sam.dgs.ca.gov/sam.htm>.

**Timeliness and Confidentiality:** As always, strict adherence to all schedules and due dates stipulated in this memo and in the attachments is required. **Until release of the Governor's Budget, please remember that all information contained in budget documents used during the development process is strictly confidential.**

**BL on the Internet:** This BL is available on the Finance BL website at: <http://www.dof.ca.gov/html/budlettr/budlets.htm>

## II. BUDGET CHANGE PROPOSALS (BCPs)

### Time frame

BCPs, including requests for Budget Bill language changes, must be submitted to Finance no later than **September 12, 2003**, or by an earlier date established by the Finance Program Budget Manager. **[Exception:** BCPs for chaptered legislation and late requests approved by Finance (see below)]. Pursuant to BL 02-41, major COBCPs for 2004-05 were due **March 3, 2003**, and minor COBCPs are due by **July 1, 2003**.

BCPs pertaining to information technology (IT) projects are subject to the same submittal deadlines as other BCPs. Departments subject to Finance IT reporting requirements are responsible for preparing the appropriate project documents (Feasibility Study Reports (FSR) and Special Project Reports (SPR)) for projects associated with BCPs submitted for the fall Budget Process. The project documents must be received by the Finance Technology Investment Review Unit (TIRU) by **July 11, 2003**. Any questions regarding the Finance IT reporting requirements should be addressed to the department's TIRU manager.

BCPs requesting funds for legislation chaptered through August 31, 2003, must be submitted no later than September 12, 2003. However, for bills enacted after August 31, BCPs must be submitted **no later than 10 working days after the chaptering of the bill**. No BCP for chaptered legislation will be accepted if submitted after the applicable time limit unless prior Finance approval has been granted.

The Agency Secretary, or Departmental Director for those departments which do not report to an Agency Secretary, must approve any request for late BCP submittal. To assist in preparing for and scheduling budget hearings, these late requests must be submitted, in writing, to **Kathryn Radtkey-Gaither**, Assistant Director, Department of Finance, no later than **August 29, 2003**. Requests for late submittal are limited to those issues involving the most exceptional circumstances.

#### **Where to Get the BCP Form:**

The latest version (March 2003) of the BCP form is available either entirely in Word format or as a combination of a Word document (text portions) and an Excel document (fiscal detail). The combination version should reduce the time and effort needed to enter numbers in the BCP, and it will reduce errors by making most calculations automatically.

Departments may obtain both versions and instructions for completion of the BCP forms (DF 46) via:

- A Word or a Word/Excel document downloaded or a hard copy printed from the Finance BL website at: [http://www.dof.ca.gov/html/budletr/forms/fin\\_form.htm](http://www.dof.ca.gov/html/budletr/forms/fin_form.htm)

Do not submit BCPs electronically. Hard copy BCP submittals are still required.

In order to assist in the development of high quality BCPs, suggestions on how to write effective BCPs are available in the BAG, as are some BCP examples.

#### **General Guidelines and Procedures for BCPs:**

1. **All information contained in BCPs is strictly confidential until release of the Governor's Budget. Each department is responsible for maintaining the confidentiality of its respective BCPs until approved for release (usually simultaneous with the release of the Governor's Budget in January).** Disapproved BCPs and disapproved versions of BCPs remain confidential working papers and must not be released. Responses to any requests for confidential budget documents under the Public Records Act or pursuant to discovery requests must be coordinated with Finance legal staff.
2. **Departments must provide a well-written, complete BCP. Departments must not rely on providing subsequent back-up material to respond to Finance inquiries to**

**provide needed justification for the request.** There simply is not sufficient time to explain and refine every proposal through a question and answer process. BCPs, which are incomplete by virtue of failing to provide relevant information in written form, may be returned to departments without analysis at the discretion of Finance.

3. The appropriate Agency Secretary must approve BCPs. **Additionally, departments proposing changes which involve other departments or other departments' funds must obtain and attach written concurrence and/or comments on the proposed change from the affected department(s) Director(s) or designee(s) prior to submitting the BCP to Finance. BCPs which do not have the appropriate approval and, when applicable, concurrence and/or comments, will be returned without consideration.**
4. **BCPs must be complete and include all appropriate documentation, workload statistics, and code citations. BCPs must be of good quality or they will be returned without consideration. Do not use type fonts smaller than Arial 11 point or comparable for the "Analysis of Problem" section.** Each BCP must be submitted in hard copy on the prescribed form. Note that the fiscal detail for personal services and operating expenses **must** be provided as shown on the BCP form and **not** in the abbreviated format that appears in the Governor's Budget. If a proposed change is funded through redirection, both the positive and negative changes must be reflected on separate Fiscal Detail Sheets. BCPs proposing redirections must include a statement of the immediate and future impact on the program from which the resources will be redirected. When submitting a BCP that affects more than one program or element within programs, provide a summary of the overall fiscal detail and attach a separate fiscal detail sheet for each program/element affected. All program information must be consistent with the display in the Governor's Budget.
5. Responses to all items identified in the BCP form are required. BCPs must describe the methods of calculation and sources of data for all numbers used, either in Section F "Analysis of All Feasible Alternatives" of the "Analysis of Problem", or as a separate attachment. Departments are encouraged to consult with their Finance analysts on analytical approaches, data sources, and content of the written BCPs prior to submission to Finance.
6. BCPs must be assigned an individual priority number. (Priority must be indicated by sequential numbering, with No. 1 being the highest priority.) Multiple issues may not be consolidated as a single priority. However, BCPs which address a single issue, but impact multiple programs, divisions, or units, may be consolidated.
7. Each BCP must contain a discussion of alternative ways (other than the one being proposed and the status quo) to address the identified problem. **Submittals which do not meet this criterion will be rejected.**
8. **BCPs must be submitted in duplicate**, except that BCPs requesting funds for information technology, auditing and/or accounting positions, which propose increased facility operations expenditures (lease costs), **related capital outlay costs or that impact other departments must be submitted in quadruplicate.**

9. BCPs requesting additional funds for information technology projects must be supported by an FSR or SPR. FSRs and SPRs must be submitted to Finance/TIRU by **July 11, 2003**. BCPs not meeting this requirement may be returned without further consideration.
10. BCPs requesting new positions and/or programs must include both a narrative explanation and fiscal detail addressing the impact these new positions/programs will have on the facility needs of the department in the "Analysis of Problem" Section D "Facility/Capital Outlay Considerations". **BCPs which do not include this information will not be considered.**
11. In the "Analysis of Problem," Section E "Justification", describe how the proposal is consistent with the department's strategic plan by identifying the objective(s) the BCP will support. BCPs which do not include this information or are inconsistent with the plan will not be considered.
12. Attachment III provides a list of designated lead agencies responsible for the coordination of specified subject areas/programs.
13. **Funding for chaptered legislation that does not contain a specific appropriation must be requested in a BCP.**
14. BCPs requesting funds from a special or bond fund must be accompanied by an updated fund condition statement or by a statement of fund availability from the department administering the fund (if different from the requesting department).

### III. POSITIONS RELATED GUIDELINES

**Requests for New Positions**—The Administration's policy is to continue to contain the growth in authorized positions. Requests for new positions generally will be limited to redirections of existing positions. When requesting new positions, departments are required to clearly establish the long and short-term benefits to be gained by increasing personnel as opposed to other possible alternatives (e.g., automation, workload readjustments). Other alternatives that have been considered must also be identified. BCPs requesting new positions must justify why a redirection is not possible. If new positions are approved, positions will be budgeted at the mid-step, unless a higher level is justified for hard-to-fill classifications or based on the department's hiring practices. Finance must approve the establishment of any position above mid-step of the respective salary range.

### IV. AUTOMATION PROJECTS

**Fund Condition**—Finance is currently developing a system that will automatically generate the fund condition statements for all special funds and some non-governmental funds for the Governor's Budget process. Once implemented, with the exception of some non-governmental fund types, departments will no longer be required to manually create fund condition statements for the Governor's Budget. The information to build a fund condition statement will be gathered from the Schedule 10 system and the Schedule 10R system. Any additional required information not currently displayed on the Schedule 10 or 10R will be gathered directly from departments on a special form designed for that purpose. During the 2003-04 Governor's Budget preparation, Finance piloted the Fund Condition System (FCS) automation for seven departments. Finance, the departments, and the Office of

State Printing (OSP) are evaluating the pilot performance now and preliminary feedback is positive. The FCS worked particularly well for special funds, eliminating manual processes and duplication of data input and saving time. Non-governmental funds were more challenging, as revenue and expenditure information for many of these funds is not collected in the Schedule 10 and 10R systems, thus requiring departments to provide this information separately. Finance will continue pilot evaluation on the FCS system and work on the new FCS form for data collection. If it is determined that the project will be expanded to more departments this fall, Finance will also provide information regarding the scope of this project as well as implementation schedules and guidelines in a separate BL.

**Reconciliation with Appropriations (RWA)**—During the 2002-03 Governor's Budget, Finance successfully expanded the automated RWA project statewide (with a few exceptions). This automated RWA Report is generated from the Schedule 10s and electronically transmitted to the OSP for inclusion in the department's budget galley. Although this project has been successful, we are still experiencing a few minor problems; namely, (1) rounding problems between the RWA Report and the other fiscal statements contained in the Governor's Budget, and (2) the timing of Schedule 10s and Galley submissions.

While the automated Fund Condition Statement project will eliminate the rounding problems within the Fund Condition Statements, these rounding problems still remain within the other fiscal statements (i.e., Program Budget Detail, Summary by Object, and/or Summary of Program Requirements).

In order to reduce these rounding problems and provide more accurate data in a timely manner, departments are strongly encouraged to submit the manually marked-up Schedule 10s to Finance as often as necessary prior to the first pass or in between each pass of the galley. Financial Operations will update the Schedule 10s and turn around clean Schedule 10s with an RWA Report to departments. In this manner, departments should be able to reconcile any rounding problems between the fiscal statements prior to submitting the budget galley to their Finance analyst.

## **V. CAPITAL OUTLAY BUDGET CHANGE PROPOSALS (COBCP)**

### **Major COBCPs**

Limited revisions to departments' COBCPs submitted by March 3, 2003, will be accepted by Finance through **September 5, 2003**, for any of the following reasons:

- Changes in construction cost indexes;
- Conforming action to the 2003-04 Budget (update must be technical in nature).

Changes for any other reason will be deferred to the 2005-06 capital outlay budget cycle. The capital outlay process is described in SAM Sections 6801, et seq. and is available at the DGS website at: <http://sam.dgs.ca.gov/sam/html/06000.html - s6801>

In some cases, revised COBCPs submitted to conform to the 2003 Budget Act may necessitate amendments to departmental five-year capital outlay plans required by Chapter 606, Statutes of 1999 (AB 1473). This legislation requires the Governor to annually submit a five-year capital infrastructure plan in conjunction with the Governor's Budget beginning in January 2002. BL02-41 provided detailed information on the submission of

five-year capital outlay plans and COBCPs for the 2004-05 fiscal year. In addition, a procedures manual for completing the five-year plan in accordance with the requirements of Chapter 606 is available on Finance's website: <http://www.dof.ca.gov/fisa/bag/bagtoc.htm>, Capital Infrastructure Plan Procedures.

As Finance capital outlay staff begin to review the five-year plans, some departments may be directed to provide clarification and/or amendments to their plans. Departmental responses to these requests should be timely to avoid delaying the preparation of the Governor's five-year capital infrastructure plan.

### **Minor COBCPs**

COBCPs for minor capital outlay projects for 2004-05 must be detailed by specific projects with cost and scope information and submitted to Finance no later than **July 1, 2003**. A single summary COBCP is required for minor projects. Future instructions will be provided related to spreadsheet submittals. **Send two copies to Finance** and two copies to DGS Customer Account Management Branch. The dollar limit for each minor capital outlay project is \$400,000, with the exception of certain departments in the Resources Agency.

## **VI. INFORMATION TECHNOLOGY**

A future BL will be released to provide specific Information Technology Budgeting Guidelines.

### **Line-item display in the Governor's Budget**

Although "information technology" is not displayed as a separate line in the Summary by Object, departments must report these costs in a manner that distinguishes the department's internal costs from consolidated data center costs in the Supplementary Schedule of Operating Expenses and Equipment (Form DF-300).

Departments are required to inform each data center from which they intend to obtain services of: (1) all activities and any significant changes in information technology services anticipated and (2) the information technology equipment which will be included in their budget but obtained from the data center. Failure on the part of the department to inform the data center could have an adverse impact on the centers' ability to support the procurement.

## **VII. FINANCIAL REPORTING REQUIREMENTS**

The following schedule applies to year-end financial statements for submittal to the State Controller's Office (SCO) and the State Treasurer's Office:

**July 31** General Fund, feeder funds (0081, 0084, 0085, 0086, 0088 through 0091, 0094, 0095, and 0097) and economic uncertainty funds (0374, 0375, and 0377).

**August 20** All other funds.

Departments are responsible for both the accuracy and timeliness of the year-end reports. Government Code Section 12461.2 authorizes the State Controller to withhold any or all operating funds from a department if that department fails to submit complete and accurate financial reports within 20 days of the prescribed due dates. Therefore, departments should plan carefully to meet year-end reporting deadlines. To assist with this process, CALSTARS departments are reminded of the availability of sample task lists, checklists, year-end training

sessions, and individualized assistance through the CALSTARS Hotline: phone (916) 327-0100 or e-mail: <mailto:hotline@dof.ca.gov>. The CALSTARS Training Schedule can be accessed at: <http://www.dof.ca.gov/html/calstars/training/training.htm> and the Procedures Manual at: <http://www.dof.ca.gov/html/calstars/procedure/procedure.htm>. Departments may also contact the Finance, Fiscal Systems and Consulting Unit, for assistance at (916) 324-0385 or via e-mail at: <mailto:fscuhotline@dof.ca.gov>.

## **VIII. FUNDING FOR NEW CALSTARS IMPLEMENTATIONS**

In late August, departments will be advised, as necessary, of any 2004-05 budget adjustment necessitated by July 1, 2004, implementation of CALSTARS. The appropriate Finance analyst will also be advised accordingly.

## **IX. PRO RATA ASSESSMENTS AND SWCAP ALLOCATIONS**

Pro Rata assessments and SWCAP (Statewide Cost Allocation Plan) allocations will be available by **September 30**. For general guidelines, see the discussion on Central Administrative Services in the Price Letter Standards, to be provided as a separate BL. Necessary adjustments will be reflected as baseline adjustments on the Planning Estimates. For an overview of Pro Rata and SWCAP, please refer to the Finance Pro Rata and SWCAP website at: <http://www.dof.ca.gov/fisa/proswcap/proswcap.htm>.

## **X. PLANNING ESTIMATE ADJUSTMENTS**

### **General**

Departments must provide a concise and brief explanation and provide a breakdown of each adjustment for Planning Estimate (PE) lines with "(SPECIFY)". Each PE line is not limited to one adjustment; numerous/separate adjustments can be posted to each PE line.

### **Initial Planning Estimates**

Initial PEs (Finance computer-generated) for currently authorized program levels (exclusive of capital outlay and continuous appropriations) for all funds will be issued by Finance in August or early September. Finance will be responsible for developing PEs in consultation with departmental staff. Direction for policy adjustments will be issued as information becomes available. PEs may include the following adjustments as appropriate.

### **CURRENT YEAR ONLY**

#### **Proposed Deficiencies**

In the event that contingencies or emergencies arise which would cause a department to over-expend its appropriation for 2003-04, the department must notify its Finance budget analyst immediately, in writing. Departments are reminded that the reporting requirements for deficiency funding contained in Section 27.00 of the 2003 Budget Act must be met. Expenditures which will necessitate deficiency funding shall not be made without prior written approval from Finance. Additional information is available in the BAG at: <http://www.dof.ca.gov/fisa/bag/deficien.htm>.



Adjustments can be made to the current year PE, only if the deficiency has been approved by Finance by **December 10, 2003** (i.e., an approval notification letter has been sent to the Legislature—not the 15-day notification of receipt).

All deficiency appropriations must be identified in the PEs. Supporting documentation must reflect whether the deficiency is enrollment/caseload/population-driven, financial legislation, or other.

## **CURRENT YEAR AND BUDGET YEAR**

### **Appropriation Balances Carried Forward (Carryover Appropriation Expense)**

Appropriation balances are to be carried forward from a prior year when funds are still available and program requirements continue. Carryovers from 2002-03 to 2003-04 initially may be estimated but must ultimately agree with the year-end financial statements submitted to SCO. Carryovers into 2003-04 that are not expected to be expended and are still available must be included as carryovers into 2004-05 unless a reversion item is to be included in the 2004 Budget Bill. In the case of capital outlay programs, where many appropriations are available for three years, the department must estimate expenditures over the three-year period. In some cases, an appropriation may be carried over into future years (2005-06 and after). Departmental staff and Finance staff must work with SCO to resolve any differences in authorized carryover estimates to ensure that the budget and SCO's records agree.

### **Chaptered Legislation**

If funding is requested for chaptered legislation containing a specific appropriation, the funding can be included in the PE (on Line 0550 Financial Legislation with Appropriation). If funding is requested for chaptered legislation which **DOES NOT** contain a specific appropriation but for which there is a cost, a BCP is required.

### **Employee Compensation**

The Memoranda of Understanding (MOU) for 17 of 21 Collective Bargaining Units will expire on July 2, 2003. The Department of Personnel Administration (DPA) will begin negotiating new agreements with these Units in the spring. In addition, DPA will reopen the remaining 4 MOUs to seek reductions in employee compensation. Instructions will be issued at a later date for any employee compensation adjustments that result from the upcoming collective bargaining negotiations.

### **Employer Retirement Contribution Rates—(Public Employees' Retirement System)**

A forthcoming BL will provide instructions for both the current and budget years.

### **Limited-Term Positions, Expiring Programs and Continuously Vacant Positions**

PEs and initial budget galleys must be adjusted for limited-term positions/expiring programs (PE line 0250) and continuously vacant positions (PE line 0300). Adjustments must include reductions for both Personal Services and Operating Expenses and Equipment, where appropriate.

## One-Time Costs

PEs must be adjusted downward for the impact of previously budgeted one-time costs (use PE line 0350). A brief description of the adjustment **must** be included.

## Transfers

Expenditure transfers between items of appropriation **within a fund** (e.g., from a state operations item to a local assistance item or between departments) must be reflected separately on the PE using the "Transfers To" and "Transfers From" lines (i.e., lines 0600 and 0650). Expenditure transfers **between funds** should not be reflected on these two PE lines. These transfers should be reflected on other PE lines such as 0700 (Miscellaneous Baseline Adjustment), 0550 (Financial Legislation with Appropriation), etc., depending on the authority for the transfer. All transfers must be specifically authorized in the Budget Act, special legislation, or other statute. The appropriate authority must be cited in the description of the adjustment.

Revenue transfers must not be reflected on the PE. Revenue transfers are to be reflected on the appropriate Schedule 10R (Supplementary Schedule of Revenues and Transfers). For more information, see BAG Fund Conditions and Transfers/Loans at: <http://www.dof.ca.gov/fisa/bag/conditn.htm>.

## Miscellaneous Baseline Adjustments

Use PE line 0700 (Miscellaneous Baseline Adjustments) only if the adjustments do not appropriately fit into any other category on the PE Worksheet (e.g., Pro Rata adjustments, savings). A brief/concise description of the adjustment **must** be included. Do not combine various adjustments into one entry. Finance Program Budget Managers will determine whether the adjustments are baseline or policy.

## BUDGET YEAR ONLY

### Price Increase for Operating Expenses and Equipment

Price Increase Adjustments are considered policy adjustments and will **not** be included in the Planning Estimates or budget galleys unless specifically approved by Finance. Departments seeking a price increase adjustment must submit a BCP fully justifying the need.

### Merit Salary Adjustment

Merit Salary Adjustments are considered policy adjustments and will **not** be included in the Planning Estimates or budget galleys unless specifically approved by Finance. Departments seeking a merit salary adjustment must submit a BCP fully justifying the need.

### Full-Year Costs of Programs Initiated in the Current Year

The full-year cost of programs authorized to begin after July 1 in the 2003-04 Budget may be included as baseline adjustments for 2004-05 (PE line 0400 Full Year Cost of New/Expanding Programs) at the discretion of the Finance Program Budget Manager. Increases which are greater than the amounts previously documented in BCPs or other documents must be fully justified through the BCP process.

## Enrollment/Caseload/Population Adjustments

All enrollment, caseload or population adjustments may be considered either policy (PE lines 1000 Miscellaneous Policy Adjustments or 1200 Other Budget Change Proposals) or baseline (PE line 0850 Enrollment/Caseload/Population) changes. While these adjustments are generally baseline changes, many of them could be considered policy changes. All such changes must be forwarded to and cleared through the Finance Program Budget Manager. If approved, these adjustments will be reflected in the PEs.

## Other BCPs

If approved, all BCPs that are not enrollment, caseload, population, cost-of-living adjustment, or financial legislation are reflected on PE Line 1200 (Other Budget Change Proposals).

## XI. MISCELLANEOUS

### Budget Bill Appropriations Format

All budgets must be submitted in the program format. Any exceptions require Finance Program Budget Manager approval.

### Reorganizations

All changes to departmental program structure must be submitted by **September 12, 2003**, and approved by Finance prior to being reflected in the budget galley. When considering reorganizations, departments are referred to Article 1, commencing with Section 11150 and Article 7.5, commencing with Section 12080 of the Government Code, as well as Section 0130 of SAM.

If you have any questions, please contact your Finance budget analyst.

*Yoshie Fujiwara*

Yoshie Fujiwara  
Program Budget Manager

Attachments

### Upcoming Budget Letters

- Employee Compensation
- Projects Subject to the State Contract Act
- Year End Financial Reporting Requirements

**ADDITIONAL TECHNICAL GUIDELINES TO BE ISSUED LATER**

| <b>Subject Title</b>   | <b>Target Release Date</b>           | <b>Last Instructions Issued</b>  | <b>SAM/Internet Reference</b>  |
|--|--------------------------------------|----------------------------------|--|
| Information Technology Reporting/<br>Budgeting Guidelines                                    | April                                | BL 01-13<br>MM 02-16<br>MM 02-20 | 4800, et seq.<br>6700, et seq.   |
| Capital Outlay Submission<br>for 2004-05 and Five Year Capital<br>Outlay Planning            | July                                 | BL 02-01 &<br>BL 02-41           | 6801, et seq.  |
| Initial Past Year Schedule 10s   | July                                 | BL 02-18                         | 6315, 6484, 6478   |
| 2004-05 Budget Policy  | July                                 | BL 02-20                         | --   |
| Employer Retirement Contribution<br>Rate Adjustment  | Shortly after<br>budget<br>enactment | BL 02-19                         | --   |
| Past, Current, and Budget Year<br>Schedule 10s   | September                            | BL 02-30                         | 6315, 6484, 6478   |
| Price Letter   | August                               | BL 02-24                         | 0700, 3500<br><a href="http://www.dgs.ca.gov/">http://www.dgs.ca.gov/</a>  |
| Initial Budget Galley  | August                               | BL 02-23                         | 6315<br><a href="http://www.dof.ca.gov/fisa/bag/budcks.htm">http://www.dof.ca.gov/fisa/bag/budcks.htm</a>                    |
| Salaries and Wages Galley and<br>Position Cost Estimates                                     | August                               | BL 02-22                         | 6415-6448, 6506-6521   |
| Initial Schedule 10Rs<br>(Supplementary Schedule of<br>Revenues and Transfers)               | September                            | BL 02-26                         | 6315, 6481   |
| SWCAP/Pro Rata   | September                            | BL 02-36                         | 8752-8754<br><a href="http://www.dof.ca.gov/fisa/proswcap/proswcap.htm">http://www.dof.ca.gov/fisa/proswcap/proswcap.htm</a> |
| Employee Compensation  | September                            | BL 02-34                         | --   |
| Checklist of Information to include in<br>Budget Galley                                      | October                              | BL 02-35                         | --   |
| Submission of Budget Materials to the<br>Legislature and the Legislative<br>Analyst's Office | November                             | BL 02-42                         | 6320   |

## Annual Budget Preparation Calendar\*

|    | July   | August  | September  | October | November   | December  | January   |
|----|--|---|--|---------|--|---|---|
| 1  | Additional technical budget development instructions issued by Finance                                     |   | Completed Salaries/Wages Supplements (Schedules 7A/8) to Finance               |         | Finalization of Governor's proposed initiatives                                      |   | Updated Supplementary Schedules to Finance                  |
| 2  |  |   |  |         |  |   |   |
| 3  | Minor capital outlay requests to Finance   |   | Updated past year and initial current and budget year Sch 10s to depts         |         |  |   |   |
| 4  |  |   |  |         |  |   |   |
| 5  | Budget policy to depts.  |   |  |         |  |   |   |
| 6  | Employer retirement contribution rate adjustment.  |   | Schedule 10Rs to depts   |         | Finance Director's budget decision hearings  | Revenue forecast  |   |
| 7  |  |   |  |         |  |   |   |
| 8  |  |   |  |         |  |   |   |
| 9  |  |   |  |         |  |   |   |
| 10 |  |   |  |         |  |   |   |
| 11 | Depts submit IT proposals (FSRs, SPRS) to Finance.   |   | All BCPs (including policy initiatives) and budget bill changes to Finance     |         |  |   | Governor's Budget and Budget Bill to the Legislature        |
| 12 |  |   |  |         |  |   |   |
| 13 |  |   |  |         |  | Governor's final briefing by Finance  | Updated Supplementary Schedules and BCPs to the Legislature |
| 14 |  | Price Letter to depts/price book available.   |  |         |  |   |   |
| 15 |  |   | Employee compensation instructions to depts                                    |         |  |   |   |
| 16 |  |   |  |         |  |   |   |
| 17 | Preprinted budget galley, initial past year Schedule 10s and Controller's Schedule 8 tabulations to depts. |   |  |         | Update/turnaround of budget galley/schedules to reflect Finance Director's decisions | Finalization of all galley and budget documents to reflect Governor's decisions |   |
| 18 |  | Depts complete non-General Fund year-end financial statements, Schedule 7A galley to depts.   | Finance analyzes all BCPs and conducts budget hearings with Agencies and depts |         |  |   |   |
| 19 |  |   |  |         |  | Budget galley finalized   |   |
| 20 |  |   |  |         |  |   |   |
| 21 |  |   |  |         |  |   |   |
| 22 |  |   | Schedule 10Rs to Finance   |         |  | Verification of Budget Bill   |   |
| 23 |  |   |  |         |  |   |   |
| 24 |  |   |  |         |  |   |   |
| 25 |  |   |  |         |  |   |   |
| 26 | Depts complete fiscal assessment and development of budget requests  |   | BCPs for unfunded newly enacted (chaptered) legislation to Finance             |         |  |   |   |
| 27 |  |   |  |         |  |   |   |
| 28 |  | BCPs, organizational changes, redirections, program continuation justifications, policy items, updated past year Sch 10s, and revised capital outlay program to Finance. Initial planning estimates to depts. |  |         |  | Development and finalization of Governor's Budget Summary ("A" Pages) narrative |   |
| 29 |  |   |  |         |  |   |   |
| 30 |  |   |  |         |  |   |   |
| 31 | Depts complete General Fund year-end financial statements  |   | Pro Rata assessments/ SWCAP allocations to depts.                              |         |  |   |   |

\* **IMPORTANT:** THIS CALENDAR REFLECTS GENERIC TIME FRAMES AND IS PROVIDED TO TARGET CRITICAL "CUT OFF" PHASES IN THE ANNUAL BUDGET DEVELOPMENT SCHEDULE. IT IS A SUMMARY TIMETABLE ONLY. FOR SPECIFIC DEADLINES, PLEASE REFER TO THE APPROPRIATE SECTION IN THIS BUDGET LETTER AND/OR SUBSEQUENT BUDGET DEVELOPMENT INSTRUCTIONS AS THEY BECOME AVAILABLE. MORE DETAILED INFORMATION IS AVAILABLE AT THE FINANCE BUDGET ANALYST GUIDE (BAG) AT <http://www.dof.ca.gov/FISA/BAG/BUDGETCALENDARS.HTM>. CAPITAL OUTLAY PROPOSALS FOLLOW A SEPARATE TIMELINE.

## COORDINATION OF INFORMATION

For BCPs dealing with the topics listed below, lead agencies or departments have been designated. Departments seeking funding for programs in these areas must coordinate the development of all related budget components, including BCPs, with the appropriate lead agency or department.

| <b>Topic</b>  | <b>Lead Department</b>                           | <b>Contact</b>     | <b>Phone</b>          |
|---|--|--------------------|-----------------------|
| AIDS  | Health Services/Office of AIDS                   | Michael Montgomery | 323-7415              |
| Toxics  |  |                    |                       |
| Hazardous Waste Control Account (Fund 0014)   | Toxic Substances Control                         | Harriet Kiyan      | 445-7076              |
| Unified Program Account (0028)  |  |                    |                       |
| Toxic Substances Control Account (0557)   |  |                    |                       |
| Proposition 65 (Safe Drinking Water and Toxic Enforcement Act of 1986)                      | Office of Environmental Health Hazard Assessment | Cynthia Oshita     | 322-2068              |
| Environmental License Plate Fund (Fund 0140)  | Resources Agency                                 | Don Wallace        | 653-9709              |
| Perinatal Services  | Alcohol and Drug Programs                        | Mardale Rodriquez  | 323-3216              |
| Temporary Assistance for Needy Families (TANF) Block Grant, including CalWORKs and TANF MOE | Social Services                                  | Doug Park          | 657-3439              |
| Proposition 99 (Tobacco Tax and Health Protection Act of 1988)                              | Finance  | Erika Sperbeck     | 445-6423<br>Ext. 2340 |
| Public Resources Account (Fund 0235)  | Resources Agency                                 | Don Wallace        | 653-9709              |
| Proposition 98 (Classroom Instructional Improvement and Accountability Act)                 | Finance  |                    | 445-0328<br>Ext. 2733 |
| Proposition 117 (California Wildlife Protection Act of 1990)                                | Resources Agency                                 | Don Wallace        | 653-9709              |
| Motor Vehicle Account (Fund 0044)   | Finance  | Elliot Mandell     | 322-2263<br>Ext. 2442 |
| Petroleum Violation Escrow Account (Fund 0853)  | Finance  | Bob Dean           | 324-0043<br>Ext. 2236 |
| Employee Compensation/Employer Retirement Contribution Rate Adjustments                     | Finance  | Bob Sands          | 445-3274<br>Ext. 3029 |
| State Penalty Fund (0903)   | Finance  | Jennifer Osborn    | 445-8913<br>Ext. 2627 |
| Natural Resources Infrastructure Fund (0383)  | Resources Agency                                 | Don Wallace        | 653-9709              |
| Health Insurance Portability and Accountability Act (HIPAA)                                 | Health and Human Services Agency                 | Burt Cohen         | 654-3301              |